

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - IN-PATIENT HOSPITAL CARE

- (i) annual attestation that patients whose care is included in the hospitals' net uncompensated cost are not Medicaid eligible at the time of registration; and
 - (ii) supporting patient specific demographic data that does not identify individuals, but is sufficient for audit of the hospitals' compliance with the Medicaid ineligibility requirement as required by the Department, including:
 - (a) patient age;
 - (b) family size;
 - (c) number of dependent children; and
 - (d) household income.
- 4) In the event that it is necessary to reduce the amount of disproportionate share payments to remain within the federal disproportionate share allotment, the Department shall calculate a pro rata decrease for each high uninsured hospital based on the ratio determined by:
- (i) dividing that hospital's uncompensated cost by the total uncompensated cost for all qualifying high uninsured hospitals during the state fiscal year; and then
 - (ii) multiplying by the amount of disproportionate share payments calculated in excess of the federal disproportionate allotment.
- 5) A hospital receiving DSH payments shall furnish emergency and nonemergency services to uninsured persons with family incomes less than or equal to 100 percent of the federal poverty level on an equal basis to insured patients.

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- 3) DSH payments to small rural hospitals are prospective and paid once per year for the federal fiscal year. Payment is equal to each qualifying hospital's pro rata share of net uncompensated costs from the hospital's latest filed cost report for all hospitals meeting these criteria multiplied by \$54,273,081 which is the state appropriation for disproportionate share payments allocated for this pool of hospitals for SFY 2003 - 2004. Net Uncompensated Cost is the cost of furnishing inpatient and outpatient hospital services, net of Medicare costs, Medicaid payments (excluding disproportionate share payments), costs associated with patients who have insurance for services provided, and all other inpatient and outpatient payments received from patients. If the cost reporting period is not a full period (twelve months), actual uncompensated cost data for the previous cost reporting period may be used on a pro rata basis to equate to a full year.
- 4) A pro rata decrease necessitated by conditions specified in I.D.2.a. above for hospitals described in this section will be calculated based on the ratio determined by dividing the hospitals' uncompensated costs by the uncompensated costs for all qualifying hospitals in this section, then multiplying by the amount of disproportionate share payments calculated in excess of the federal DSH allotment. No additional payments shall be made after the final payment for the state fiscal year is disbursed by the Department. Recoupment shall be initiated upon completion of an audit if it is determined that the actual uncompensated care costs for the state fiscal year for which the payment is applicable is less than the actual amount paid.
- 5) Qualifying hospitals must meet the definition for a small rural hospital contained in I.D.3.b.1). Qualifying hospitals must maintain a log documenting the provision of uninsured care as directed by the Department.

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c. High Medicaid Hospitals

- 1) High Medicaid Utilization Rate Hospital is a hospital that has a Medicaid utilization rate in excess of the mean, plus one standard deviation of the Medicaid utilization rates for all hospitals in the state receiving payments and that is not included in I.D.3.a. The Medicaid utilization rate is a fraction (expressed as a percentage), the numerator of which is the hospital's number of Medicaid (Title XIX) inpatient days. The denominator is the total number of the hospital's inpatient days for a cost reporting period.
- 2) DSH payments to individual high Medicaid hospitals shall be based on actual paid Medicaid days for a six-month period ending on the last day of the last month of that period, but reported at least 30 days preceding the date of payment. Annualization of days for the purposes of the Medicaid days pool is not permitted. The amount will be obtained by the Department from a report of paid Medicaid days by service date.
- 3) Disproportionate share payments for individual high Medicaid hospitals shall be calculated based on the product of the ratio determined by:
 - (i) dividing each qualifying high Medicaid hospital's actual paid Medicaid inpatient days for a six-month period ending on the last day of the month preceding the date of payment (which will be obtained by the Department from a report of paid Medicaid days by service date) by the total Medicaid inpatient days obtained from the same report of all qualified high Medicaid hospitals. Total Medicaid inpatient days include Medicaid nursery days but do not include skilled nursing facility or swing-bed days; and
 - (ii) multiplying by \$4,878,315 which is the state appropriation for disproportionate share payments allocated for this pool of hospitals for SFY 2003 - 2004.
- 4) A pro rata decrease necessitated by conditions specified in I.D.2. above for high Medicaid hospitals will be calculated based on the ratio determined by dividing the hospitals' Medicaid days by the Medicaid days for all qualifying high Medicaid hospitals; then multiplying by the amount of disproportionate share payments calculated in excess of the federal disproportionate share allotment.

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d. Public State-Operated Hospitals

- 1) Public State Operated Hospital is a hospital that is owned or operated by the State of Louisiana.
- 2) DSH payments to individual public state-owned or operated hospitals shall not exceed 175% of the hospital's cost of furnishing inpatient and outpatient hospital services, net of Medicare costs, Medicaid payments (excluding disproportionate share payments), costs associated with patients who have insurance for services provided, private payer payments, and all other inpatient and outpatient payments received from patients. Final payment will be based on the uncompensated cost data per the audited cost report for the period(s) covering the state fiscal year. DSH payments calculated under this payment methodology shall be subject to the adjustment provision below in § 3).
- 3) In the event that it is necessary to reduce the amount of disproportionate share payments to remain within the federal disproportionate share allotment, the department shall calculate a pro rata decrease for each public state-owned or operated hospital based on the ratio determined by:
 - (i) dividing that hospitals' uncompensated cost by the total uncompensated cost for all qualifying public state-owned or operated hospitals during the state fiscal year; and then
 - (ii) multiplying the amount of disproportionate share payments calculated in excess of the federal disproportionate allotment.
- 4) It is mandatory that hospitals seek all third party payments including Medicare, Medicaid and other third party carriers and payments from patients. Hospitals must certify that excluded from net uncompensated cost are any costs for the care of persons eligible for Medicaid at the time of registration. Acute hospitals must maintain a log documenting the provision of uninsured care as directed by the Department. Hospitals must adjust uninsured charges to reflect retroactive Medicaid eligibility determination. Patient specific data is required after July 1, 2003. Hospitals shall annually submit:
 - (i) annual attestation that patients whose care is included in the hospitals' net uncompensated cost are not Medicaid eligible at the time of registration; and
 - (ii) supporting patient specific demographic data that does not identify individuals, but is sufficient for audit of the hospitals' compliance with the Medicaid ineligibility requirement as

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required by the Department, including:

- (a) patient age;
- (b) family size;
- (c) number of dependent children; and
- (d) household income.

e. Psychiatric Hospitals

- 1) Psychiatric Hospital is a free standing psychiatric hospital that is not included in I.D.3.d.
- 2) DSH payments to individual free standing psychiatric hospitals shall be based on actual paid Medicaid days for a six-month period ending on the last day of the last month of that period, but reported at least 30 days preceding the date of payment. Annualization of days for the purposes of the Medicaid days pool is not permitted. The amount will be obtained by the Department from a report of paid Medicaid days by service date.
- 3) Disproportionate share payments for individual free standing psychiatric hospitals shall be calculated based on the product of the ratio determined by:
 - (i) dividing each qualifying free standing psychiatric hospital's actual paid Medicaid inpatient days for a six month period ending on the last day of the month preceding the date of payment (which will be obtained by the Department from a report of paid Medicaid days by service date) by the total Medicaid inpatient days obtained from the same report of all qualified free standing psychiatric hospitals. Total Medicaid inpatient days include Medicaid nursery days but do not include skilled nursing facility or swing-bed days; and
 - (ii) multiplying by \$121,685 which is the state appropriation for disproportionate share payments allocated for this pool of hospitals for SFY 2003 - 2004.
- 4) A pro rata decrease necessitated by conditions specified in I.D.2. for hospitals in this section will be calculated based on the ratio determined by dividing the hospitals' Medicaid days by the Medicaid days for all qualifying psychiatric hospitals; then multiplying by the amount of disproportionate share payments calculated in excess of the federal disproportionate share allotment

f. Other Uninsured Hospitals

- 1) Other Uninsured Utilization Rate Hospital is a qualifying hospital that is

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not included in High Uninsured Hospitals, Small Rural Hospitals, High Medicaid Hospitals, Public State Operated Hospitals, or Psychiatric Hospitals.

- 2) DSH payments to an individual other uninsured hospital shall be calculated as follows:
 - (i) Inpatient Other Uninsured – all qualifying hospitals shall be arrayed from lowest to highest rate according to their inpatient uninsured utilization rate. DSH payments to hospitals in the first quintile of the distribution shall be equal to 25 percent of the hospital's cost of furnishing inpatient hospital services to uninsured persons, supported by patient-specific data, net of payments received from such patients and subject to the adjustment provision below. DSH payments to hospitals in the second through the fifth quintiles of the distribution shall be equal to 40, 55, 70 and 85 percent of the hospital's cost of furnishing inpatient hospital services to uninsured persons, supported by patient-specific data, net of payments received from such patients, respectively and subject to the adjustment provision below in § 4).
 - (ii) Outpatient Other Uninsured – all qualifying hospitals shall be arrayed from lowest to highest rate according to their outpatient uninsured utilization rate. DSH payments to hospitals in the first quintile of the distribution shall be equal to 25 percent of the hospital's cost of furnishing inpatient hospital services to uninsured persons, supported by patient-specific data, net of payments received from such patients and subject to the adjustment provision below. DSH payments to hospitals in the second through the fifth quintiles of the distribution shall be equal to 40, 55, 70 and 85 percent of the hospital's cost of furnishing inpatient hospital services to uninsured persons, supported by patient-specific data, net of payments received from such patients, respectively and subject to the adjustment provision below in § 4).
- 3) It is mandatory that hospitals seek all third party payments including Medicare, Medicaid and other third party carriers and payments from patients. Hospitals must certify that excluded from net uncompensated cost are any costs for the care of persons eligible for Medicaid at the time of registration. Hospitals must maintain a log documenting the provision

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-A
Item 1, Page 10 k (4)

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - IN-PATIENT HOSPITAL CARE

of uninsured care as directed by the department. Hospitals must adjust uninsured charges to reflect retroactive Medicaid eligibility determination. Patient specific data is required after July 1, 2003. Hospitals shall annually submit:

- (i) an attestation that patients whose care is included in the hospitals' net uncompensated cost are not Medicaid eligible at the time of registration; and
 - (ii) supporting patient-specific demographic data that does not identify individuals, but is sufficient for audit of the hospitals' compliance with the Medicaid ineligibility requirement as required by the department, including:
 - (a) patient age;
 - (b) family size;
 - (c) number of dependent children; and
 - (d) household income.
- 4) In the event it is necessary to reduce the amount of disproportionate share payments to remain within the federal disproportionate share allotment for this group, the department shall calculate a pro rata decrease for each other uninsured hospital based on the ratio determined by dividing that hospital's uncompensated cost by the total uncompensated cost for all qualifying other uninsured hospitals during the state fiscal year; and then multiplying by the amount of disproportionate share payments calculated in excess of the federal disproportionate allotment.
- 5) A hospital receiving DSH payments shall furnish emergency and nonemergency services to uninsured persons with family incomes less than or equal to 100 percent of the federal poverty level on an equal basis to insured patients.

E. (Reserved)

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